



MEcon monthly updates Saudi Arabia, UAE, and Qatar

September 2026

Introduction

Areas of focus



Countries covered



Saudi Arabia



United Arab Emirates



Qatar

Introduction



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Regional pulse

Key cross-country socio-economic trends observed each month, highlighting directional shifts and emerging themes across the region

Country snapshot

Consolidated view of the most notable socio-economic developments and insights in each country, and their potential implications

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Regional pulse | Macroeconomic snapshot

Indicator



Saudi Arabia



United Arab Emirates



Qatar

2026 real GDP
growth forecast

2026: -0.9%

(-1.5 pp vs Jul' 2026)

S&P Global (last updated Sep' 2026)

NEW



2026: 0.3%

(-1.1 pp vs Apr' 2026)

Fitch BMI Solutions (last updated Jul' 2026)



2026: -12.4%

(-5.2 pp vs May 2026)

Fitch BMI Solutions (last updated Jul' 2026)

Latest real GDP
growth

Q2 2026: -4.7%

(-10.0 pp vs Q2 2025)

GASTAT (last updated Sep' 2026)

NEW



Q1 2026: 3.0%

(-1.7 pp vs Q1 2025)

FCSC (last updated Aug' 2026)



Q1 2026: -7.0%

(-3.3 pp vs Q1 2025)

NPC (last updated Sep' 2026)

NEW



Inflation rate



Aug' 2026: 1.8%

(-0.5 pp vs Aug' 2025)

GASTAT (last updated Sep' 2026)

NEW



Aug' 2026: 5.54%

Dubai (+0.21 pp vs Jul' 2025)

DSC (last updated Sep' 2026)

NEW



Jun' 2026: 2.2%

(+2.1 pp vs Jun' 2025)

NPC (last updated Aug' 2026)



Non-oil PMI



Aug' 2026: 53.8

(+0.7 pts vs Jul' 2026)

Trading Economics (last updated Sep' 2026)

NEW



Aug' 2026: 55.3

(+2.6 pts vs Jul' 2026)

Trading Economics (last updated Sep' 2026)

NEW



Aug' 2026: 50.6

(+2.1 pts vs Jul' 2026)

S&P Global (last updated Sep' 2026)

NEW



Fiscal balance



Q2 2026: - SAR 34.3 Bn

(- SAR 0.2 Bn vs Q2 2025)

MoF (last updated Jul' 2026)



Q2 2026: AED 15.7 Bn

(- AED 22.9 Bn vs Q2 2025)

MoF (last updated Sep' 2026)

NEW



Q2 2026: - QAR 21.2 Bn

(- QAR 20.4 Bn vs Q2 2025)

Qatar News Agency (last updated Sep 2026)

NEW

● Updated in this month's MEcon



Reflects MoM or YoY directional change

Regional pulse | Key socio-economic trends

1	Non-oil activity is continuing to underpin growth	Private-sector activity remained relatively resilient across Saudi Arabia, the UAE and Qatar, helping to offset softer hydrocarbon performance and provide an important buffer for overall growth. While external conditions remain challenging, steady business activity, improving demand in parts of the non-oil economy and ongoing diversification efforts are continuing to support domestic momentum.
2	Regional disruption and tighter financing conditions are continuing to weigh on activity¹	Regional conflict continues to affect trade, energy exports, tourism and connectivity across the GCC, creating pressure on external activity and contributing to a more uncertain operating environment. At the same time, recent interest rate increases across the region are reinforcing tighter financing conditions, even as rerouting efforts, policy responses and improving logistics point to gradual stabilization in some cross-border channels.
3	Strategic investment is continuing to advance diversification and resilience²	Governments and state-backed institutions are continuing to play a central role in mobilizing capital and shaping new growth sectors across the GCC. Investment is increasingly being directed toward strategic and defensive areas such as energy, transport, supply chains, technology and infrastructure, strengthening economic resilience while also supporting longer-term diversification ambitions.
4	Competitiveness agendas are continuing to strengthen resilience	Reforms and institutional measures across the region are reinforcing medium-term resilience and helping economies remain attractive to capital, business and talent. From investment and business-enabling reforms to liquidity support, digital modernization and private-sector development, GCC governments are continuing to strengthen competitiveness while laying the groundwork for more sustained long-term growth.

Regional pulse

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Country snapshot

Consolidated view of the most notable socio-economic developments and insights in each country, and their potential implications



Country snapshot | Saudi Arabia (1/3)

Area of Focus	Update	Overview	Significance
	Real GDP contracted by 4.7% in Q2 2026 to SAR 1.1 Tn, reflecting a 10.0 pp decline in the growth rate YoY ¹	The contraction was driven by a 24.8% decline in oil activities, which more than offset the modest 0.9% YoY growth in both non-oil and government activities. By sector, the sharpest decline was in mining and quarrying despite growth in sectors such as finance, insurance, real estate and business services.	This suggests non-oil growth may be helping to limit the drag on domestic demand but is not yet strong enough to offset weakness in oil-related sectors, which could keep overall growth, export earnings and fiscal space under pressure if sustained.
	Non-oil PMI edged up 0.7 pts MoM to 53.8 in August 2026 ²	Non-oil PMI strengthened in August 2026, with business activity picking up and domestic demand remaining supportive. Export orders continued to weaken amid regional tensions, while confidence and supply conditions improved, and cost pressures stayed elevated despite softer output price inflation.	This marks the highest reading in six months and a fifth consecutive month of expansion in the non-oil private sector, highlighting the sector’s resilience after conflict-related disruption earlier in the year and supporting Vision 2030’s non-oil growth and diversification objectives.
	Inflation came in at 1.8% in August 2026, down 0.5 pp YoY but broadly unchanged MoM ³	Prices rose across most Consumer Price Index (CPI) components, led by housing and utilities (+3.9%), recreation and culture (+2.8%), and restaurants and hotels (+2.0%). Meanwhile, furnishings and household equipment (-0.6%) and clothing and footwear (-0.5%) recorded price declines in August 2026.	Inflation stayed broadly contained despite regional conflict, helping preserve purchasing power, sustain household spending, and support more stable domestic growth.
	Nominal goods trade surplus declined by 25.0% YoY in July 2026 to SAR 14.4 Bn ⁴	Goods exports declined by 17.2% YoY in July 2026, driven by a 12.8% fall in oil exports and a 26.2% decline in non-oil exports, including re-exports. Meanwhile, goods imports fell by 15.4% YoY, partially offsetting the impact of weaker exports on the overall trade balance.	KSA’s trade balance remained in surplus in July despite disruption through the Strait of Hormuz, as alternative corridors, including Red Sea infrastructure, helped sustain trade flows. However, recent disruptions to the East-West pipeline suggest that the surplus may come under pressure due to more challenging shipping conditions.



Country snapshot | Saudi Arabia (2/3)

Area of Focus	Update	Overview	Significance
	S&P affirms Saudi Arabia's A+ rating with a stable outlook ¹	S&P Global Ratings affirmed Saudi Arabia's A+ rating with a stable outlook, citing its ability to reroute crude exports via the Red Sea, large net government assets and resilient non-oil activity despite the ongoing regional conflict.	The affirmation may help contain sovereign and corporate borrowing costs, though S&P's forecast of a 0.9% GDP contraction in 2026 suggests fiscal space may depend on recalibrating Vision 2030 spending.
	The Public Investment Fund (PIF) launches Tawrid to expand supply-chain financing ²	PIF launched Tawrid, a digital platform operating in the Saudi Central Bank's regulatory sandbox that connects buyers, suppliers and funders through products such as early settlement of approved invoices.	Faster supplier payments could ease working-capital strain on small and medium-sized enterprises (SMEs), which held just 11% of bank loans in 2025 against a 2030 target of 20%.
	Over USD 2.5 Bn in data center and technology investments announced at LEAP 2026 ³	The second day of the LEAP 2026 technology conference in Riyadh brought about USD 2.5 Bn in announcements, led by Al Moammar Information Systems' USD 1.2 Bn data center expansion and a USD 880 Mn data center project in Khuzam Digital Valley.	If delivered, the added capacity could expand local cloud and Artificial Intelligence (AI) services and lift non-oil construction and power demand, though headline pledges may not all translate into new investment.
	Saudi Arabia restarts East-West oil pipeline after drone attacks ⁴	According to 23 September reports, Saudi Aramco restarted the 7 Mn barrels-per-day East-West Pipeline on 22 September after drone attacks shut it on 11 September. Flows were building gradually, with full capacity expected to take six weeks or more.	The restart could reopen the Kingdom's main export route around the Strait of Hormuz, but slow Yanbu loadings and higher war-risk insurance suggest a recovery in oil export earnings may be gradual.



Country snapshot | Saudi Arabia (3/3)

Area of Focus	Update	Overview	Significance
	Riyadh enters the top 50 of the Oxford Economics Global Cities Index for the first time ¹	Riyadh rose 47 places to 50th in the Oxford Economics Global Cities Index, ranking fourth globally for human capital and 18th for economics, helped by rapid job creation and population growth.	A stronger global profile could help Riyadh attract regional headquarters, skilled talent and foreign capital, supporting services-led non-oil growth, though rankings alone may not translate into investment.
	USD 750 Mn Medina project targets non-Saudi buyers ²	Knowledge Economic City Company and Dar Al Majed Real Estate signed a memorandum of understanding for a SAR 2.8 Bn (USD 750 Mn) Medina project comprising 2,700 apartments aimed at non-Saudi buyers, following the June opening of property ownership to foreigners.	If finalized, the project could channel foreign capital into Medina's property market and construction activity, offering an early test of whether the new ownership rules can attract non-Saudi demand.
	KSA's GDP is projected to grow by 4.1% in 2027, outpacing the global economy as well as G20 and G7 peers ³	The OECD projects KSA's GDP to grow by 4.1% in 2027, above its 3.0% forecasts for both the global economy and the G20, and ahead of projected growth across G7 economies. This would mark a strong rebound from a projected 1.8% contraction in 2026, following estimated growth of 4.6 percent in 2025.	This suggests Saudi Arabia may be better placed than many major economies to regain growth momentum in 2027, although the strength and durability of that rebound will likely depend on whether non-oil sectors broaden enough to reduce exposure to oil-led volatility.
	Saudi Arabia overall unemployment rate (Saudis and non-Saudis) fell to 3.0% in Q2 2026, marking a 0.2 pp decline YoY ⁴	The decline was driven by a 1.1 pp fall in female unemployment to 7.6%, while male unemployment was broadly unchanged. Overall, labor force participation was stable at 67.2%. Among Saudis, unemployment fell 0.3 pp YoY to 6.5%, supported by a 1.7 pp decline in female unemployment to 9.6%. Saudi labor force participation eased to 48.7%.	Falling female unemployment, particularly among Saudi women, points to continued improvement in women's employment outcomes and reinforces the impact of Vision 2030 reforms. However, softer Saudi labor force participation suggests the gains may reflect stronger absorption of existing job seekers more than a sustained increase in workforce entry.

Country snapshot | UAE (1/3)

Area of Focus	Update	Overview	Significance
	UAE’s net operating balance narrowed to AED 15.7 Bn in Q2 2026, down AED 22.9 Bn YoY	UAE’s net operating balance, which measures current revenue relative to operating expenditure and excludes capital spending, rose to AED 15.7 Bn from AED 8.2 Bn in Q1 as expenses fell 7.5%, but remained AED 22.9 Bn below Q2 2025, largely reflecting a 16.3% YoY decline in revenue.	The sequential improvement in the net operating balance suggests some easing of near-term operating-side fiscal pressure, although weaker year-on-year revenues may limit budgetary flexibility if sustained.
	UAE’s non-oil PMI rose to 55.3 in August, up 2.6 points MoM ²	Operating conditions improved at the fastest pace since December 2024, as new business rose sharply, output growth reached a six-month high and export demand increased for a second consecutive month.	August’s improvement suggests non-oil activity is gaining momentum, following earlier disruption due to the regional conflict, although sustained improvement in the coming months would provide clearer evidence of a broader recovery.
	Abu Dhabi’s total value of non-oil trade rose 17.9% YoY to AED 230.6 Bn in H1 2026 ^{3,4}	Total non-oil trade volume increased from AED 195.4 Bn in H1 2025 to AED 230.6 Bn in H1 2026. In June alone, non-oil exports, including re-exports, reached AED 15.3 Bn, exceeding imports of AED 12.6 Bn and generating a AED 2.7 Bn trade surplus.	Growing non-oil trade may broaden Abu Dhabi’s sources of growth beyond hydrocarbons and generate additional demand for logistics and other trade-related services.
	Dubai’s inflation rose to 5.54% in August, up 3.11pp YoY ⁵	Dubai inflation also edged up by 0.21pp from July. Transport rose 16.23pp YoY to 12.74%, while food increased 7.76pp to 7.39%, and housing was 0.65pp higher at 6.70%.	August’s renewed increase suggests inflationary pressures remain persistent following the earlier regional disruption, potentially delaying a more sustained easing in household cost pressures.

Country snapshot | UAE (2/3)

Area of Focus	Update	Overview	Significance
	UAE strengthens advanced industries through talent, research and technology development ¹	The National Programme for Advanced Sciences and Technologies aims to develop national talent and research capabilities for strategic and advanced industries, while strengthening the competitiveness of Emirati products through technical education, talent development and research and innovation.	Building national capabilities in advanced industries may help strengthen the competitiveness of Emirati products and support the UAE’s ambition to develop a more technology- and innovation-driven economy.
	UAE strengthens its tax competitiveness for globally mobile talent and capital ²	The UAE ranked first among 48 jurisdictions for tax attractiveness, supported by zero personal income tax, no VAT on departing residents and a tax structure favorable to international individuals.	A relatively favorable tax environment may strengthen the UAE’s appeal to international talent and wealth, potentially supporting its ability to attract and retain high-income residents and talent.
	UAE tops Arab Digital Economy Index 2026 ³	The UAE led the 2026 Arab Digital Economy Index, with sustained investment in digital infrastructure, government services, cybersecurity and artificial intelligence highlighted as key strengths supporting its digital economy.	Strong digital foundations may help the UAE translate continued investment in technology and AI into productivity gains and higher-value activity, supporting its shift towards an innovation-driven economy.
	UAE’s renewable energy capacity increased more than 63-fold over the past decade ⁴	Renewable capacity reached over 8.2 gigawatts in 2025, up from 129 megawatts in 2015, while clean energy accounted for 32.4% of electricity generation, alongside continued investment in grid resilience and connectivity.	A more diversified power mix may strengthen energy security and help accommodate rising electricity demand as the UAE’s economy and population grow.

Country snapshot | UAE (3/3)

Area of Focus	Update	Overview	Significance
	Dubai Customs launches 2026-2030 strategy to facilitate trade and strengthen competitiveness ¹	The strategy will integrate ports, entry points, free zones and trade-related services, while improving customs procedures and capabilities to facilitate trade, strengthen economic partnerships and respond to shifts in global trade and supply chains.	More efficient and integrated customs services may strengthen Dubai’s competitiveness as a global trade hub by reducing friction for businesses, improving supply-chain resilience and supporting more reliable market access.
	The Roads and Transport Authority (RTA) and Dubai Airports advance plans to strengthen airport connectivity ²	Plans focus on improving traffic flow around Dubai International Airport (DXB), advancing transport infrastructure around Dubai World Central and Dubai South, and better integrating airports with road and public transport networks.	Improved transport integration could help Dubai accommodate rising passenger and population movements more efficiently, reducing connectivity constraints as the emirate’s aviation and urban activity expands.
	Decades of UAE trust underpin growth as FDI, trade and competitiveness hit new highs ³	The UAE recorded new highs in FDI, non-oil trade and exports, alongside stronger global competitiveness rankings, with Sheik Mohammed linking this performance to institutional credibility, policy consistency and international partnerships.	The strong performance in FDI, trade and competitiveness suggests the UAE entered the recent regional disruption from a position of strength, although the impact on investor confidence will become clearer in future data.



Country snapshot | Qatar (1/2)

Area of Focus	Update	Overview	Significance
	Qatar economy contracts 7.9% YoY in Q2 as LNG disruption weighs on activity ¹	Qatar's real GDP contracted 7.9% YoY in Q1 2026 as regional conflict disrupted liquified natural gas (LNG) exports, while non-hydrocarbon activity also declined 3.2%.	Lower LNG exports on account of the persistent disruption in the Strait of Hormuz directly contributed to the contraction in the hydrocarbon economy; the contraction in the non-hydrocarbon economy underscored the spillover impact on Qatar's non-hydrocarbon sectors.
	Qatar's budget deficit widens to QAR 21.2 Bn in Q2 as revenues decline ²	Qatar posted a budget deficit of QAR 21.2 Bn in Q2 2026, up from QAR 10.3 Bn in Q1, as lower revenues of QAR 25.6 Bn were outpaced by expenditure of QAR 46.8 Bn.	Qatar's fiscal position has materially worsened as a result of the regional conflict, with recorded budget deficits sharply outpacing projections as the country's public revenues continue to heavily rely on hydrocarbons exports that remain disrupted.
	Qatar non-energy activity stabilizes as PMI rises to 50.6 in August ³	Qatar's non-energy PMI rose to 50.6 in August from 48.5 in July, signaling renewed improvement in non-energy private sector conditions as output and new business returned to growth.	The recent growth in output and new business indicates that private-sector demand in Qatar is now beginning to normalize after the sharp downturn in March and April 2026. This may indicate the private sector is acclimatizing to the current state of regional tensions.
	Qatar interantional arrivals decline 6.3% YoY in August, further easing from July's 10.3% decline ⁴	International arrivals totaled 302,754 in August 2026, down 6.3% YoY, narrowing the decline for the fifth month in a row from March's 82.1% drop linked to the regional situation.	The continued narrowing in the annual decline suggests inbound tourism into Qatar is gradually recovering from the sharp regional disruption seen in March, although arrivals remain below year-earlier levels.



Country snapshot | Qatar (2/2)

Area of Focus	Update	Overview	Significance
	Fitch affirms Qatar at AA and removes Rating Watch Negative as LNG facility risks ease ¹	Fitch affirmed Qatar's AA sovereign rating and removed Rating Watch negative, citing reduced risks of further severe damage to LNG facilities, while maintaining a negative outlook amid continued export disruptions.	Reduced risks to LNG infrastructure ease immediate pressure on Qatar's sovereign risk profile, but ongoing export disruptions continue to weigh on the outlook by constraining energy revenues and fiscal performance.
	QatarEnergy seeks U.S. LNG supply deals through 2031 amid domestic export disruptions ²	QatarEnergy is seeking multi-year U.S. LNG supply deals through 2031 as damage to domestic facilities and Strait of Hormuz disruptions constrain Qatar's abilities to meet contractual commitments.	Securing an alternative LNG supply could help Qatar meet contractual commitments while domestic production and export routes remain disrupted, limiting further pressure on its gas trade.
	Qatar launches QIA division to expand domestic private investment and sector participation ³	Qatar Investment Authority launches Doha Investment to manage domestic holdings and pursue new investments, with a mandate to increase private sector participation, advise privatization, and support economic diversification.	Greater domestic deployment of sovereign capital could expand private sector participation and investment, supporting Qatar's efforts to broaden economic activity beyond the hydrocarbon sector.
	Qatar Central bank reserves and foreign currency liquidity rise 0.75% YoY in August ⁴	Qatar's Central Bank international reserves and foreign currency liquidity reached QAR 262.2 Bn in August, up 0.75% YoY, while official international reserves (including foreign bonds, treasury bills, gold holdings, cash balances in foreign banks) increased 9.7% to QAR 199.6 Bn.	Higher reserves strengthen Qatar's external liquidity buffer, increasing the central bank's capacity to meet foreign currency obligations and support monetary stability.

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